



Memorandum

To: Governing Board Members
From: Bill Havert
Date: 12/30/2008
Re: Cancellation of January meeting

Because there are no acquisition projects requiring action at this time, the January 12, 2009 Governing Board meeting will not be held. The next meeting is scheduled for March 9.

On December 17, 2008, the Pooled Money Investment Board (PMIB) approved an action which affects state bond programs, including those funded out of Proposition 84, our current source of acquisition funds. Specifically, the Conservancy, and other state entities, have been directed to do the following: 1) immediately cease entering into any new grants or other agreements that commit the expenditure of bond funds, and 2) immediately instruct all grant or loan recipients of bond funds to cease from entering into any new agreements or contracts that would be funded from bond funds.

Additionally, effective December 17, 2008 the State Controllers' Office froze all bond funded disbursements until further notice. Another PMIB meeting will convene in early January 2009 to further address the issue. The severity of this action reflects the enormity of the current budget crisis and until the issue is resolved, it is uncertain as to when or if disbursements will resume.

Our grantees have been notified that the Conservancy cannot approve any new grants that commit the expenditure of bond funds at this time, and that the grantees should, therefore, refrain from entering into any new purchase agreements that would be funded from bond funds. Several additional acquisition grant projects that would have come to the Conservancy for consideration have been placed on hold.

The freeze on disbursement of bond funds affects several grant projects that were previously approved by the Conservancy, but for which escrow has not yet closed; specifically:

- ♦ The acquisition grant approved through Resolution 2008-15 to acquire 260 acres in Whitewater Canyon. Escrow was due to close December 29th. The Wildlife Conservation Board was just preparing to have its share of the funds disbursed to escrow when the freeze was imposed. This acquisition will now occur in phases, with the Friends closing on the first phase on schedule; a subsequent phase to include the WCB funds will be scheduled to occur after the state freeze is lifted.
- ♦ The acquisition grant approved through Resolution 2008-16 to acquire 20 acres in the Southern Santa Rosa Mountains alluvial fans. Close of escrow had been delayed by the Seller's failure to return certain documents to escrow in a timely fashion. Unless the landowner cancels the transaction, hopefully the acquisition will occur once the state freeze is lifted.
- ♦ The acquisition grant approved through Resolution 2008-17 to acquire 436 acres in the Santa Rosa and San Jacinto Mountains National Monument. Close of escrow had been delayed by probate issues that were not resolved at probate court hearings in October and November. Hopefully, the state freeze will be lifted prior to resolution of the probate issues.

At the November meeting discussion arose about review of appraisals for grant projects and this item was to have been on the January agenda; however, in the absence of grant projects needing action, the appraisal issue would be the only reason to hold a January meeting, so it seems more appropriate to consider it at the next meeting.